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# PRESIDENT ORDERS INQUIRY IN MOSCOW INTO EMBASSY SITE

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WASHINGTON, April 7 — President Reagan ordered his intelligence review board today to determine whether a new embassy building in Moscow had been so compromised by Soviet eavesdropping devices that it must be demolished and rebuilt.

Mr. Reagan said that he was concerned about recent breaches of security and that he would delay a move by the Soviet Union into its new embassy building here until he was assured that the new American building was secure.

In Moscow, two House members said after inspecting the present embassy building that its equipment and practices suffered from serious security flaws.

## Completion Planned for 1989

Under earlier Soviet-American arrangements, the new embassy buildings in the two capitals were to be occupied at the same time. The American compound had not been planned for completion until 1989.

The United States has already spent \$100 million on the Moscow project, out of a \$150 million budget that also provides for diplomatic housing and recreational services within the compound.

If the President decided that it had to be torn down, occupancy could be delayed for years, officials said.

Mr. Reagan's comments came as the new Ambassador in Moscow, Jack F. Matlock Jr., filed a formal protest over Soviet espionage in both the present building and in the new project.

## Shultz's Trip Overshadowed

The publicity about security lapses, including the charges against two Marine guards accused of having allowed Soviet agents into the present embassy building, has overshadowed Secretary of State George P. Shultz's preparations for talks in Moscow next week.

Mr. Reagan rejected a suggestion by former Secretary of State Henry A. Kissinger that Mr. Shultz should meet with Foreign Minister Eduard A. Shevardnadze instead in Helsinki, Finland.

The State Department also announced that nine of 36 American private contract employees in the Moscow embassy were being recalled.

## Soviet Withdrew Its Employees

Last fall, the Soviet Union retaliated for cuts ordered in Soviet personnel in the United States by withdrawing Soviet service employees from the American Embassy. The State Department filled some of the vacancies by hiring Americans.

Robert E. Lamb, the head of the State Department's Bureau of Diplomatic Security, said the contract employees were being withdrawn for various reasons, including currency violations, socializing with Russians, poor work records and a failure to adjust to life in the Soviet Union.

President Reagan, while expressing concern about security problems at the embassy in Moscow, said he had no plans to "stop doing business" with the Soviet Union or canceling Mr. Shultz's talks on arms control.

"I just don't think it is good for us to be run out of town," Mr. Reagan said on an unscheduled visit to the White House press room.

Frank C. Carlucci, the national security adviser, said the security breaches posed a "serious problem" and would result in Mr. Shultz's operating at less than "optimal conditions."

Mr. Reagan said he "was deeply concerned over the breach of security in our Moscow embassy."

"And while all the facts are not known," he added, "it is clear that security implications are widespread and that additional quick action is required to prevent further damage to our national security."

The study of the new embassy building will be conducted by the President's Foreign Intelligence Advisory Board, a citizens' group. Mr. Reagan ordered a report in 90 days. This study will be in addition to one to be done by former Defense Secretary James R. Schlesinger for the State Department.

Today, Mr. Reagan also instructed another former Defense Secretary, Melvin R. Laird, to review security breaches in the present embassy building to determine who had been responsible and what procedures should be changed. This review will also be conducted during a 90-day period.

Mr. Reagan said Mr. Shultz would make embassy security a "major agenda item" during his talks.

"I think the whole business of espionage worldwide," the President said, "is something that we have to recognize takes place, and counterespionage is employed by everyone. But at the same time, you don't stop doing business."

Mr. Reagan, who is scheduled to speak Friday on relations with the Soviet Union, confirmed that he had been warned by his intelligence review board two years ago that the employment of Soviet service workers in the embassy in Moscow posed a threat.

The President said he had began an immediate reduction in the Soviet staff. This issue became moot last year when the Soviet Government withdrew all Soviet employees.